



The Honorable Dave Camp
Chairman
Committee on Ways and Means
U.S. House of Representatives
Washington, DC 20515

Lonza Inc
90 Boroline Drive
Allendale, NJ 07401

James Barnatt
Business Manager – Hydrazine
Lake Charles Plant
960 Interstate 10
Westlake, La 70669

May 29, 2012

Re: Opposition to H.R. 5106 and S. 2796

To Whom It May Concern:

On behalf of Lonza, I am writing to oppose H.R. 5106 and S. 2796, which would suspend temporarily the import duty on hydrazine hydrate, aqueous solution. Lonza (formerly Arch Chemicals) is the only U.S. producer of hydrazine hydrate, and hydrazine propellants at our Lake Charles, Louisiana production facility. As such, Lonza objects to the proposed tariff change.

My understanding is that these bills would allow imports of hydrazine hydrate to enter the U.S. at a zero percent duty compared with the current 3.7% duty. This would allow imports of hydrazine hydrate to enter from countries which have a combination of lower production costs and higher import duties on hydrazine products produced in the U.S. These bills would negatively affect our ability to competitively produce hydrazine hydrate in the U.S. and supply it to the domestic and international markets. Most notably, in 2004 China imposed a duty of 184% on imports of U.S. produced hydrazine. The duty remains in effect today. This effectively takes away Lonza's ability to compete in the growing Chinese market. If the duty is abolished it will allow Japanese, Germans and French-based companies to import to the U.S. without duty while U.S. exports will continue to pay duty of approximately 5% to these countries.

In 2005, Lonza (formerly Arch Chemicals) was awarded a 20-year contract by the United States Department of Defense for the production, storage, distribution and handling of hydrazine propellants for the U.S. government from our Lake Charles, Louisiana production facility. The terms of the contract call for an initial 10-year supply contract which began in 2005, followed by two five-year renewal terms at the option of the government. For more than 50 years, Lonza has served as the sole U.S. supplier of hydrazine propellants.

Additionally, Lonza (formerly Arch Chemicals) has previously objected to a similar hydrazine tariff suspension request in 2005 and 2008.

Lonza is one of the world's leading suppliers to the pharmaceutical, healthcare and life science industries. Products and services span its customers' needs from research to final product manufacture. Further, Lonza is the world leader in microbial control providing innovative, chemistry-based and related solutions to destroy or to selectively inhibit the growth of harmful microorganisms. Its activities encompass the areas of water treatment, personal care, health and hygiene, industrial preservation, materials protection, and wood

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treatment. In addition, Lonza is a leader in cell-based research, endotoxin detection and cell therapy manufacturing. Furthermore, the company is a leading provider of value chemical and biotech ingredients to the nutrition and agro markets. The corporate headquarters is in Basel, Switzerland with US offices in Atlanta, Georgia and Allendale, New Jersey. In 2011, the company had sales of CHF 2.69 billion. Further information can be found at www.lonza.com.

Please do not hesitate to contact me at (337) 430-4023 or james.barnatt@Lonza.com if you have any further questions or if there is any more information that Lonza can provide.

Sincerely,
Lonza Inc.



James Barnatt

Cc:
Committee on Finance, U.S. Senate
U.S. International Trade Commission